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Canned Deciduous Fruit

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Report Highlights:

Post places CY 2002 cannery intake for peaches at 50,000 MT, representing a decrease of seven percent on the previous year. Post forecasts cannery intake for peaches for CY 2003 at 53,000 MT. Peach production for CY 2003 is forecast to increase slightly to 43,990 MT, in line with increased deliveries to processors. Exports of canned peaches for CY 2002 are forecast at 9,000 MT, around 12 percent higher than the level achieved during the previous year. Post forecasts cannery intake for pears in CY 2003 to fall to 51,000 MT. Canned pear exports are forecast to decrease slightly during CY 2002 versus the previous year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Post places CY 2002 cannery intake for peaches at 50,000 MT, representing a decrease of seven percent on the previous year. Grower sources suggest that production of fruit suitable for canning is likely to have been around 55,000 MT. Price premiums in the fresh fruit market at the beginning of the season saw fruit being directed away from canning. Furthermore, processors rejected the smaller sized fruit as unsuitable for canning according to grower sources.

Post forecasts cannery intake for peaches for CY 2003 at 53,000 MT. The outlook for deliveries of peaches to processors is better than for pears. The peach crop experienced a relatively good flowering, although it has suffered drier than average conditions, reduced irrigation water allocations will not place the same constraint on forecast peach deliveries as on pear deliveries. According to grower sources, peach growing areas are not experiencing the large cutbacks in water available for irrigation, as has been the case in many pear growing areas.

Peach production for CY 2003 is forecast to increase slightly to 43,990 MT, in line with increased deliveries to processors. Post considers factory yields to range between 80 and 85 percent and has used a conversion factor of 83 percent.

Exports of canned peaches for CY 2002 are forecast at 9,000 MT, around 12 percent higher than the level achieved during the previous year. This forecast is in line with official ABS data showing a 12 percent increase in exports for the calendar year to date (Jan-Jul). While this increase is significant, exports remain well below levels achieved during the 1980's when annual exports averaged over 20,000 MT (shipped weight). In recent years, exports have remained depressed due to continued tough competition from subsidized EU exports on world markets.

Post forecasts cannery intake for pears in CY 2003 to fall to 51,000 MT. This figure is at the lower end of industry forecasts. Dry conditions at flowering and a lack of subsoil moisture at time of writing this report are believed by grower sources to have detracted from the production outlook. Furthermore, many of the major pear producing regions are facing shortages of irrigation water and are considered to have a poorer outlook than regions dominated by peach production. Growers are anticipating a higher than average amount of smaller sized fruit. Even assuming a return to more normal weather conditions, climatic conditions to date combined with lower levels of irrigation water availability are likely to reduce production.

Canned pear exports are forecast to decrease slightly during CY 2002 versus the previous year. This forecast is in line with official ABS statistics for the partial calendar year to date (Jan-Jul).

Canned Peaches

PSD Table						
Country	Australia					
Commodity	Canned Peaches				(MT)(MT, Net Weight)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Deliv. To Processors	54000	54000	55000	50000	0	53000
Beginning Stocks	9300	9300	9600	9600	9600	5802
Production	44820	44820	45650	40670	0	43990
Imports	445	145	500	500	0	500
TOTAL SUPPLY	54565	54265	55750	50770	9600	50292
Exports	9436	8380	10568	9386	0	9000
Domestic Consumption	35529	36285	35582	35582	0	35000
Ending Stocks	9600	9600	9600	5802	9600	6292
TOTAL DISTRIBUTION	54565	54265	55750	50770	9600	50292

Production

General

Post places CY 2002 cannery intake for peaches at 50,000 MT, representing a decrease of seven percent on the previous year. Grower sources suggest that production of fruit suitable for canning is likely to have been around 55,000 MT. Price premiums in the fresh fruit market at the beginning of the season saw fruit being directed away from canning. Furthermore, processors rejected the smaller sized fruit as unsuitable for canning according to grower sources.

According to grower sources, climatic conditions early in the growing season of the CY 2001 crop, although generally cooler and more overcast than normal, did not significantly stress the crop during flowering. Additionally the crop did not suffer from any significantly detrimental climatic conditions during the remainder of the growing season. Both yields and fruit quality were average.

Post forecasts cannery intake for peaches for CY 2003 at 53,000 MT. The outlook for deliveries of peaches to processors is better than for pears. The peach crop experienced a relatively good flowering, although it has suffered drier than average conditions, reduced irrigation water allocations will not place the same constraint on forecast peach deliveries as on pear deliveries. According to grower sources, peach growing areas are not experiencing the large cutbacks in water available for irrigation, as has been the case in many pear growing areas.

Peach production for CY 2003 is forecast to increase slightly to 43,990 MT, in line with increased deliveries to

processors. Post considers factory yields to range between 80 and 85 percent and has used a conversion factor of 83 percent.

Consumption

General

ABS figures for exports of canned fruit are reported in terms of total product weight. This includes not only the canning fruit, but also the can, juice and product packaging. Post uses a conversion factor of 63 percent to determine actual fruit content. This conversion factor was derived in consultation with industry sources.

Post has revised export figures in the PS&D tables using the conversion factor of 63 percent.

Prices

The following table contains indicative grower prices for peaches in A\$/MT.

	1997	1998	1999	2000	2001 (s)	2002 (f)
Indicative Grower Price	515	460	450	460	460	455

(a) For financial year ending year shown. (s) Post Estimate. (f) Post forecast.
Prices quoted in \$A.

Trade**General**

Import Trade Matrix			
Country	Australia		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	MT
Imports for:	2001		2002
U.S.	1	U.S.	0
Others		Others	
Greece	149	Greece	597
South Africa	44	New Zealand	90
Thailand	13	Italy	33
Singapore	2	China	33
France	2	South Africa	18
Macedonia	2	Singapore	2
New Zealand	1		
Spain	1		
Korea	1		
Total for Others	215		773
Others not Listed	20		21
Grand Total	236		794

Figures for 2002 are based on January - July data.

Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

Export Trade Matrix			
Country	Australia		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	MT
Exports for:	2001		2002
U.S.	2860	U.S.	1334
Others		Others	
Canada	2713	New Zealand	3437
New Zealand	2272	Canada	3291
Japan	2256	Japan	2586
Malaysia	971	Netherlands	1039
Singapore	673	Malaysia	699
United Kingdom	199	Singapore	601
Philippines	181	Thailand	503
Netherlands	164	Philippines	470
UAE	158	Taiwan	155
Taiwan	156	United Kingdom	151
Total for Others	9743		12932
Others not Listed	698		632
Grand Total	13301		14898

Figures for 2002 are based on January - July data.

Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

Overall Trade Trends

Industry sources indicate that canneries tend to view the Australian domestic market as the primary market. Initiatives such as innovations in product packaging and product promotion are developed and targeted at the domestic market. Surplus production is typically exported. Industry sources state that canners do not wish to compete for the "commodity end" of the export market (bulk markets) as this would bring them into direct competition with subsidized product.

Exports of canned peaches for CY 2002 are forecast at 9,000 MT, around 12 percent higher than the level achieved during the previous year. This forecast is in line with official ABS data showing a 12 percent increase in exports for the calendar year to date (Jan-Jul). While this increase is significant, exports remain well below levels achieved during the 1980's when annual exports averaged over 20,000 MT (shipped weight). In recent years, exports have remained depressed due to continued tough competition from subsidized EU exports on world markets.

Marketing

Import Requirements

The Australian Anti-Dumping Authority (which is part of the GOA) imposed countervailing duties and anti-dumping duties in January 1992 on some canned fruit imports. The Authority concluded that the exports of canned peaches and canned pears from Spain and Greece had been subsidized, and that the above mentioned canned fruit exports had been dumped.

Countervailing duties were imposed on imports of canned peaches from Spain and Greece, and anti-dumping duties were placed on imports of canned peaches from Greece and China. An anti-dumping duty was also imposed on canned pears imported from China. The countervailing duty on peaches from Greece and Spain was calculated at A\$4.38 and A\$4.54 per basic carton (24 kg gross) respectively. Anti-dumping levies applied are not available due to commercial confidentiality.

The Authorities decision applied for an initial period of three years, however, it was subsequently extended to five years. A previous review which was concluded in December 1996 found that the only duty which should still apply is the countervailing duty against the production aid currently applying to imports of canned peaches from Greece. This duty has been calculated at A\$2.81 and applied for a further five years from February 19, 1997. According to Australia Customs, the duty will now be applied to canned peaches imported from Greece until February 19, 2007.

Marketing Channels

The three canneries formerly processing fruit in Australia were SPC, Ardmona and Berri. According to industry sources, SPC was the largest and currently processes around 50 percent of the peach crop and around 54 percent of the pear crop. Ardmona was the other major processor, processing around 41 percent of the peach crop and 46 percent of the pear crop. Berri is a minor player and processes only about 9 percent of the peach crop.

SPC, a publicly listed company and Ardmona, a grower owned cooperative, merged in September 2001. The new company is now called "SPC Ardmona Limited". The new company continues to be publicly listed. Ardmona, which was previously a grower owned cooperative, effectively sold Ardmona to the new company in exchange for cash and shares in the new company.

Industry sources suggest the reason behind the merger was that both companies needed to increase their size in order to take advantage of export opportunities. Also, each company had focused on different aspects of production. In recent years SPC dramatically improved its packaging and presentation of its product to enhance consumer perceptions, while Ardmona improved its sorting capacity and improved fruit quality. Industry sources believe these aspects of canned fruit production complement each other and the merger resulted in improved efficiency and increased export opportunities.

Policy

Traditionally the two major horticultural organizations in Australia have been the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC was responsible for research and development and the AHC was responsible for promotional activities. Both organizations were funded by levies paid by growers and received pro-rata government funding for specific purposes.

As of February 1, 2001, a new organization Horticulture Australia Ltd. (HAL) replaced AHC and HRDC. HAL was established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets, as well as to exploit the opportunities for uptake and commercialization of new technology.

Imports of canned deciduous fruit are currently subject to a five percent ad valorem tariff rate.

Canned Pears

PSD Table						
Country	Australia					
Commodity	Canned Pears				(MT)(MT, Net Weight)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Deliv. To Processors	53500	53500	54000	52000	0	51000
Beginning Stocks	5200	5200	5833	4200	6603	2960
Production	44405	44405	44820	43160	0	42330
Imports	47	10	50	100	0	100
TOTAL SUPPLY	49652	49615	50703	47460	6603	45390
Exports	14019	15615	14000	15500	0	14000
Domestic Consumption	29800	29800	30100	29000	0	29000
Ending Stocks	5833	4200	6603	2960	6603	2390
TOTAL DISTRIBUTION	49652	49615	50703	47460	6603	45390

Production

General

Post estimates cannery intake for pears in CY 2002 at 52,000 MT, slightly lower than the previous year. Estimates provided by industry sources range from 51,000 MT to 55,000 MT.

The season leading up to the CY 2002 pear harvest has been described by growers as below average. Accordingly, the CY 2002 pear crop experienced a poor flowering due to colder than average conditions early in the season. Drier than average conditions for the remainder of the growing season greatly reduced fruit size. These weather conditions reduced the overall quantity of fruit delivered to canneries. Furthermore, grower sources report some canneries refused to take the smallest fruit due to quality reasons. Grower sources estimate this could have reduced deliveries by up to five percent.

Post forecasts cannery intake for pears in CY 2003 to fall to 51,000 MT. This figure is at the lower end of industry forecasts. Dry conditions at flowering and a lack of subsoil moisture at time of writing this report are believed by grower sources to have detracted from the production outlook. Furthermore, many of the major pear producing regions are facing shortages of irrigation water and are considered to have a poorer outlook than regions dominated by peach production. Growers are anticipating a higher than average amount of smaller sized fruit. Even assuming a return to more normal weather conditions, climatic conditions to date combined with lower levels of irrigation water availability are likely to reduce production.

Post forecasts canned fruit production for CY 2002 to fall to 42,330 MT, in line with lower deliveries to processors. Post assumes a return to normal weather conditions and expects average fruit quality.

Post has used an average factory yield conversion factor of 83 percent.

Consumption

General

ABS figures for exports of canned fruit are reported in terms of total product weight. This includes not only the canning fruit, but also the can, juice and product packaging. Post uses a conversion factor of 63 percent to determine actual fruit content. This conversion factor was derived in consultation with industry sources.

Post has revised export figures in the PS&D tables using the conversion factor of 63 percent. The resulting revision in the PS&D export series has also forced post to revise the apparent domestic utilization of canned pears.

Utilization Patterns

Apparent trends in domestic utilization of canned deciduous fruit, total consumption per person, are set out in the Commodity Outlook, Consumption, Utilization subsection, for Canned peaches.

The following table contains indicative grower prices in A\$/MT.

	1997	1998	1999	2000	2001 (s)	2002 (f)
Indicative Grower Price	282	278	285	295	301	313

(a) For calendar year. (s) Post estimate. (f) Post forecast.
Prices quoted in \$A.

Trade

General

Import Trade Matrix			
Country	Australia		
Commodity	Canned Pears		
Time period	Jan-Dec	Units:	MT
Imports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
South Africa	11	South Africa	21
Spain	4	Spain	2
France	1		
Total for Others	16		23
Others not Listed	0		136
Grand Total	16		159

Figures for 2002 are based on January - July data

Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

Export Trade Matrix			
Country	Australia		
Commodity	Canned Pears		
Time period	Jan-Dec	Units:	MT
Exports for:	2001		2002
U.S.	1788	U.S.	1357
Others		Others	
United Kingdom	5778	United Kingdom	5825
Germany	3589	Germany	5185
Japan	3576	Japan	3342
Canada	3483	Canada	3278
Netherlands	1838	Denmark	1185
New Zealand	1327	Norway	881
Denmark	811	New Zealand	879
Norway	782	Netherlands	607
Sweden	652	Thailand	600
Finland	403	Singapore	325
Total for Others	22239		22107
Others not Listed	760		1139
Grand Total	24787		24603

Figures for 2002 are based on January - July data.

Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

Overall Trade Trends

Canned pear exports are forecast to decrease slightly during CY 2002 versus the previous year. This forecast is in line with official ABS statistics for the partial calendar year to date (Jan-Jul).

Policy

Tariff Changes

Imports of canned deciduous fruit are currently subject to a five percent ad valorem tariff rate.